



July 21, 1996

GTE Service Corporation  
1850 M Street, N.W., Suite 1200  
Washington, D.C. 20036  
(202) 460-6200

Mr. William Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, DC 20554

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JUL 22 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

**Re: GTE Telephone Operating Companies' Permanent Cost Allocation Manual  
for the Separation of Regulated and Nonregulated Costs**

**In the Matter of Petitions for Waiver and Partial Reconsideration or Stay of  
Inmate-Only Payphones Declaratory Ruling, Order, RM-8181, DA 96-1073,  
Released July 3, 1996**

Dear Mr. Caton,

In compliance with the above referenced Order, GTE Service Corporation, on behalf of its domestic telephone operating companies, submits for filing five (5) copies of revisions to its Cost Allocation Manual.

On July 2, 1996, GTE submitted revisions to its Cost Allocation Manual to reflect the reclassification of inmate-only payphones pursuant to the Commission's Declaratory Ruling of February 20, 1996. However, in its Order released July 3, 1996, the Commission stayed the requirement that carriers file Cost Allocation Manual changes reflecting the reclassification. Accordingly, GTE submits the accompanying modifications to its Cost Allocation Manual to reflect the exclusion of inmate-only payphone equipment pursuant to the Commission's stay. These pages should be substituted for the corresponding pages in your copy of the Cost Allocation Manual.

A copy of this letter and attachments will be hand-delivered today to Mr. Ken Ackerman, Chief of the Accounting Systems Branch, Accounting and Audits Division.

Please call me at 463-5293 if there are any questions

Sincerely,

W. Scott Randolph  
Director - Regulatory Affairs

No. of Copies rec'd 5  
List ABCDE

**Attachments**

C: Ken Ackerman - Room 812 - 2000 L St.  
ITS

|  |   |
|--|---|
| Network Services                             | Consultation, design, sale, installation, administration, and/or maintenance of network facilities to meet the customer's requirements.   |
| Sale or Lease of Computer Hardware/ Software | Sale or lease of computer equipment or internally developed application computer software. Such software includes, but is not limited to, traffic management programs and customer-specific data bases.   |
| Telemarketing                                | Sales training, and consultation services to meet the customer's requirements in telecommunication services for marketing/sales activities.   |
| Fleet Services                               | The scheduling of preventive maintenance, nightly refueling, coordinating repair activity and computerizing fleet tracking reports.   |
| Continuation of                              | General, administrative, and operational Services services provided to other local exchange carriers following the sale of GTOC access lines to those companies.  |
| Video Dialtone                               | Nonregulated video dialtone services Services includes ancillary services, sale/lease of customer premises equipment (CPE), e.g. set top boxes, and inside wire and maintenance. Ancillary services include billing, collection, billing inquiry, order taking, digital conversion and compression. Inside wire and maintenance will be performed as requested by the subscriber. |

C. Activities Which The FCC Preemptively Detariffed

| <u>Activity</u>                   | <u>Description</u>  |
|-----------------------------------|---|
| Customer Premises Equipment (CPE) | Sale, lease, installation, removal and/or maintenance of terminal equipment which is located on customer premises. CPE includes single-line equipment, multi-line equipment (key systems, data, large and small PBX's), mobile customer premises equipment, centrex equipment, customer owned coin operated telephone, maritime common carrier equipment, mass calling (time and temperature) equipment, national security and national emergency preparedness equipment, and radio paging equipment. |

EXHIBIT II-A  
LIST OF NONREGULATED SERVICES BY COMPANY

| ACTIVITY                                   | GTE-CA | GTE-FL | GTE-SO | GTE-SW | GTE-HT | GTE-NO | GTE-NW | GTE-MW |  |  | GTE-TX | C. of CA |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--|--|--------|----------|
| Advanced Services Test Beds (ASTB)         | X      |        |        |        |        | X      |        | X      |  |  |        |          |
| Sale of Central Office Products            |        |        |        |        |        | X      | X      | X      |  |  |        |          |
| Educational Services                       |        |        | X      |        |        | X      | X      | X      |  |  |        |          |
| Equipment Services                         |        |        |        |        |        |        |        |        |  |  |        |          |
| Equipment Calibration                      |        |        | X      | X      |        | X      | X      | X      |  |  |        |          |
| Personal Computer Repair                   |        |        | X      |        | X      |        | X      |        |  |  |        |          |
| Pay Station Repairs                        |        |        | X      |        |        |        | X      |        |  |  |        |          |
| Printed Wiring Card Repairs                | X      | X      | X      | X      |        |        | X      |        |  |  |        |          |
| Fleet Services                             |        |        |        |        | X      |        |        |        |  |  |        |          |
| Network Services                           |        |        |        |        |        |        |        |        |  |  |        |          |
| Engineering Construction                   |        |        | X      | X      |        | X      | X      | X      |  |  |        |          |
| Network Consulting Services                |        |        | X      | X      |        |        | X      |        |  |  |        |          |
| Building Industry Consulting Services      |        |        |        | X      |        | X      | X      | X      |  |  |        |          |
| Outside Plant Maintenance                  |        |        |        |        |        | X      | X      | X      |  |  |        |          |
| Defense Commercial Communications Office   |        |        |        |        |        | X      | X      | X      |  |  |        |          |
| International Sales                        |        |        |        |        | X      |        | X      |        |  |  |        |          |
| Contracting Services                       |        |        |        |        | X      |        | X      |        |  |  |        |          |
| Private Networks                           |        |        |        |        | X      |        | X      |        |  |  |        |          |
| Computer Hardware/Software - Sale or Lease |        |        |        |        |        |        | X      |        |  |  |        |          |
| Telemarketing Services                     |        |        |        |        | X      | X      | X      | X      |  |  |        |          |
| Customer Premise Equipment (CPE)           |        |        | X      | X      | X      | X      | X      | X      |  |  | X      | X        |
| Enhanced Services                          |        |        |        |        |        |        |        |        |  |  |        |          |
| Community Voice Message Service            | X      | X      | X      | X      | X      | X      | X      | X      |  |  | X      | X        |
| Telemessenger                              |        |        |        |        | X      |        |        |        |  |  |        |          |
| Audio Information Services                 |        |        | X      | X      |        | X      |        | X      |  |  |        |          |
| Protocol Conversion                        | X      |        |        |        | X      |        |        |        |  |  |        |          |
| Customer Dialed Account Recording (CDAR)   | X      | X      | X      | X      | X      | X      | X      | X      |  |  |        |          |
| Inside Wire Services                       | X      | X      | X      | X      | X      | X      | X      | X      |  |  | X      | X        |
| Nonregulated Video Dialtone                | X      | X      |        |        | X      |        |        |        |  |  |        |          |

# COST APPORTIONMENT TABLES

| USOA-PART 32<br>ACCOUNT  | COST POOLS                                      | COST POOL<br>APPORTIONMENT<br>BASIS | REGULATED/<br>NONREGULATED<br>APPORTIONMENT<br>BASIS      | COST<br>DEFINITION        | COMMENTS |
|--------------------------|---|-------------------------------------|---|---------------------------|----------|
| 6623<br>Customer Service | Regulated<br>Customer Service                   | Direct Reporting                    | Directly Assigned<br>to Regulated                         | Directly<br>Assignable    |          |
|                          | * Customer Accounting<br>and Bill Processing    | Direct Reporting                    | Billing Units   | Directly<br>Atributable   |          |
|                          | Coin Telephone<br>Collections                   | Direct Reporting                    | Relative Value:<br>Public Telephone<br>Terminal Equipment | Indirectly<br>Atributable |          |
|                          | Customer Service<br>Administration<br>and Other | Direct Reporting                    | Customer Services<br>Allocator                            | Indirectly<br>Atributable |          |
|                          | * Service Order<br>Processing                   | Direct Reporting                    | Service Orders<br>Allocator                               | Directly<br>Atributable   |          |
|                          | Nonregulated<br>Customer Service                | Direct Reporting                    | Directly Assigned<br>to Nonregulated                      | Directly<br>Assignable    |          |

\* Includes Video Services